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2014 APR 21 A 11:29

April 21, 2014

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**CERTIFIED MAIL**

Patrick J. Black  
Fennemore Craig  
2394 East Camelback Road, Suite 600  
Phoenix, Arizona 85016-3429

**ORIGINAL**

Arizona Corporation Commission  
**DOCKETED**

APR 21 2014

DOCKETED BY

A handwritten signature in black ink.

RE: EPCOR WATER ARIZONA, INC. APPLICATION FOR APPROVAL OF AN  
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY  
(DOCKET NO. WS-01303A-13-0446)

**Insufficiency Letter**

Dear Sir:

The application of Epcor Water Arizona, Inc. for an extension of its Certificate of Convenience and Necessity has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C."). Pursuant to A.A.C. R14-2-610(C)(3), to correct the deficiencies, please provide the following information:

1. Please narrow the schedules in the application to only reflect the parcels being requested in this application. Please answer all following questions in light of the narrowed schedules requested in this question.
2. How will it impact Epcor's filing in this proceeding if a waiver of the hook-up fee tariff is not granted?
3. Please provide the projected debt to equity ratio for the Aqua Fria District including the construction related to the parcels requested in this application.
4. Please provide an explanation and detail for the on-site collection system costs paid by developer for this extension of the CC&N? What year will Epcor include this plant as an asset? Please provide more information as to whether the plant will be AIAC or CIAC. The Company provided the cost breakdown but did not summarize whether once the plant is assigned to the Company if it will be AIAC or CIAC.
5. Please provide an estimated amortization schedule by year through 2018 by the two different approaches.

6. Work Papers - Please provide a copy of all the work papers created/utilized to develop the initial Application as well as the narrowed schedules with formulas intact, and any updates or revisions throughout the CC&N case process. Please provide Staff with electronic copies of all company application schedules. All information responses should ONLY be provided in searchable PDF, DOC or EXCEL files via email or electronic media.
7. In Attachment 7, the spreadsheet that was e-mailed, what is meant by cumulative acres (construction begun, construction completed or another meaning)?
8. The map provided in response to question 3 of the January 14, 2014 insufficiency letter shows parcels totaling 3,575 acres, rather than the approximate 3,552 acres cited elsewhere. Please reconcile these numbers.
  - a. Is the Hua Mei Land LLC parcel being requested in the application?
9. Please reconcile the list of parcel owners shown in Attachment 2 of Epcor's March 7, 2014 response with the parcel owners shown in Attachment 1 of Epcor's March 7, 2014 response.
10. As requested in question nine in Staff's January 14, 2014 Insufficiency Letter, please provide the following:

- a. For each Parcel being requested in this application, please provide following information:

A preliminary Engineering Report with specifications in sufficient detail to describe each wastewater system and the principal components of each wastewater system, including:

- i. Master Map/Plan with a layout of the proposed wastewater system's major components (collection, treatment and disposal systems) and phasing of construction (if phasing is proposed).
- ii. Engineering design report, including description of location, the proposed system's configuration, anticipated average daily wastewater flows and design capacity.
  1. The report must demonstrate that the proposed system will satisfy the minimum design standards as required by ADEQ. If phasing is proposed, the report shall include anticipated wastewater flows and system components by phase.
  2. The report shall provide a timeline of construction for the proposed system with estimated starting and completion dates. If construction is to be phased, provide a description of each separate phase of construction.
- iii. C. Engineering cost estimate for the proposed system by phase (if phasing is proposed), including a breakdown of costs for each major component.

Pursuant to A.A.C R14-2-610(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

Patrick J. Black  
April 21, 2014  
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If you have any questions regarding the deficiencies, please contact me at 602-542-0827 or Jian Liu at 602-542-7276.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Gray", written in a cursive style.

Robert G. Gray  
Executive Consultant III

RGG:tdp

cc: Docket Control  
Del Smith  
Lyn Farmer  
Brian Bozzo